



Kneat Announces Record SaaS Revenue in Q1 2022

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LIMERICK, Ireland, May 12, 2022 /CNW/ – kneat.com, inc. (TSX: KSI) (“Kneat” or “the Company”), a leader in digitizing and automating validation processes, today announced financial results for the three-month period ended March 31, 2022. All dollar amounts are presented in Canadian dollars unless otherwise stated.

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- Q1 revenues increase 121% YoY to \$5.2 million
 - Q1 SaaS revenue up 156% YoY to \$3.3 million
 - Annual recurring revenue (ARR) grows 134% to \$13.4 million
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"I am proud of our team as we continue to deliver strong year-on-year growth through the first quarter, highlighted by 156% growth in SaaS revenue and 134% increase in annual recurring revenue over Q1 2021. Our fast-growing and diverse customer base is proof that Kneat's platform is a preferred solution in the industry."

-said Eddie Ryan, Chief Executive Officer of Kneat.

Mr. Ryan added, “The first quarter marked a solid start to the year for Kneat. Our investment in sales and marketing continued to drive robust new customer activity. Today we have 57 contracted customers and the largest pipeline of potential customers in our history. Within our customer base we count 8 of the top 10 and the majority of the top 20 biggest pharmaceutical companies, several top tier consumer packaged goods companies and both large and small suppliers to these organizations. These companies are selecting a system to manage their global validation which is a critical regulated business function. This is a long-term investment decision, so they carefully evaluate relevant market offerings before selecting their preferred solution. We are proud to be trusted by these global leaders to help them deliver their highly regulated products to their customers, efficiently and to the highest quality standard. We are now leveraging over a decade of investment in our platform and a growing base of customer references to accelerate commercialization across all tiers of the life sciences and consumer packaged goods industries.”

Q1 2022 Financial Highlights

- Total revenues increased 121% to \$5.2 million, as compared to \$2.4 million for the first quarter of 2021.
- SaaS revenue grew 156% to \$3.3 million, versus \$1.3 million for the first quarter of 2021.
- Gross margin was up 201% to \$3.3 million, compared to \$1.1 million for the first quarter of 2021. Gross profit margin was 63%, compared to 46% for the first quarter of 2021. This improvement in gross margin reflects the significant growth in revenue, including some one-time, on-premise license revenues, offset by a smaller increase in related cost of revenue.

Supplementary Financial Measures

- **Total ARR**, which includes SaaS license and maintenance fees, was \$13.4 million at March 31, 2022, an increase of 134% from \$5.7 million at March 31, 2021.
- **SaaS ARR**, the proportion of ARR attributable to SaaS licenses, was \$12.4 million at March 31, 2022, an increase of 153% from \$4.9 million at March 31, 2021.

"With a strong balance sheet, we are focused on executing across all areas of the business, to drive ongoing growth and value creation for our shareholders." said Hugh Kavanagh, Chief Financial Officer of Kneat."

-Hugh Kavanagh, Chief Financial Officer of Kneat.

Recent Business Highlights

- In March, the Company announced that a European National Health Service selected Kneat as their enterprise solution for laboratory equipment validation management.
- In March, the Company announced that a top ten biopharmaceutical company had selected

Kneat as its enterprise platform.

- In March, the Company announced that it had signed a leading Canadian generics pharmaceutical manufacturer.
- In January, the Company announced that it had signed the U.S. subsidiary of one of the world's top 15 consumer-packaged-goods companies.

Conference Call

Mr. Eddie Ryan, Chief Executive Officer of Kneat, and Mr. Hugh Kavanagh, Chief Financial Officer of Kneat, will host a conference call to discuss Kneat's first-quarter results and hold a Q&A for analysts and investors via webcast on May 12, 2022, at 10:00 a.m. ET (15:00 GMT).

Interested parties can register for the live webcast via the following link:

[Register Here](#)

Or, attend via teleconference:

Ireland +353 15 360 755

Canada +1 (647) 497-9389

United States +1 (562) 247-8421

United Kingdom +44 20 3713 5012

If attending via teleconference, please register via the link above to access dial-in pin code required to attend. The dial-in pin code is available in your confirmation email.

Supplementary Financial Measures

The Company uses supplementary financial measures as key performance indicators in its MD&A and other communications. Management uses both IFRS measures and supplementary financial measures as key performance indicators when planning, monitoring and evaluating the Company's performance.

Annual Recurring Revenue ("ARR")

ARR is used by Kneat to assess the expected recurring revenues from the customers that are live on the Kneat Gx platform at the end of the period. ARR is calculated as the licenses delivered to customers at the period end, multiplied by the expected customer retention rate of 100% and multiplied by the full agreed SaaS license or maintenance fee. Since many of the customer contracts are in currencies other than the Canadian dollar, the Canadian dollar equivalent is calculated using the related period end exchange rate multiplied by the contracted currency amount.

About Kneat

Kneat, a Canadian company with operational headquarters in Limerick, Ireland, develops and markets the next generation Kneat Gx SaaS platform. Multiple business work processes can be configured on the platform from equipment to computer system validation, through to quality document management. Kneat's software allows users to author, review, approve, execute testing online, manage any exceptions, and post approve final deliverables in a controlled FDA 21 CFR Part 11/ Eudralex Annex 11 compliant platform. Macro and micro report dashboards enable powerful oversight into all systems, projects and processes globally. Customer case studies are reporting productivity improvements in excess of 100% and a higher data integrity and compliance standard. For more information visit www.kneat.com

Cautionary and Forward-Looking Statements

Except for the statements of historical fact contained herein, certain information presented constitutes "forward-looking information" within the meaning of applicable Canadian securities laws. Such forward-looking information includes, but is not limited to, the relationship between Kneat and the customer, Kneat's business development activities, the use and implementation timelines of Kneat's software within the customer's validation processes, the ability and intent of the customer to scale the use of Kneat's software within the customer's organization and the compliance of Kneat's platform under regulatory audit and inspection. While such forward-looking statements are expressed by Kneat, as stated in this release, in good faith and believed by Kneat to have a reasonable basis, they are subject to important risks and uncertainties. As a result of these risks and uncertainties, the events predicted in these forward-looking statements may differ materially from actual results or events. These forward-looking statements are not guarantees of future performance, given that they involve risks and uncertainties.

The forward-looking information in this press release does not include a full assessment or reflection of the unprecedented impacts of the COVID-19 pandemic occurring since the first quarter of 2020 and the ongoing and developing resulting indirect global and regional economic impacts. This has resulted in significant economic uncertainty and even though the Company has to date experienced no significant impact to its operations, any potential impact on our future is difficult to understand or measure at this time.

Kneat does not undertake any obligation to release publicly revisions to any forward-looking statement, except as may be required under applicable securities laws. Investors should not assume that any lack of update to a previously issued forward-looking statement constitutes a reaffirmation of that statement. Continued reliance on forward-looking statements is at an investors' own risk.

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